

Message Text

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ORIGIN EB-08

INFO OCT-01 EUR-12 NEA-10 ISO-00 SIG-03 CAB-02 CIAE-00
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APPROVED BY EB/OA:MHSTYLES
CAB:MPETT
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DOT:JDEJONES

-----063251 082206Z /64

R 080443Z JUL 78
FM SECSTATE WASHDC
TO AMEMBASSY AMMAN
AMEMBASSY ABU DHABI
AMEMBASSY DAMASCUS
AMEMBASSY DOHA
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY MANAMA
AMEMBASSY MUSCAT
AMEMBASSY ROME

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E.O. 11652:N/A

TAGS: EAIR

SUBJECT: JOINT ARAB AIR SERVICE TO U.S.

1. SUMMARY: ARAB AIR CARRIERS ORGANIZATION (AAO)
DELEGATION, MINUS RIDA HAKEEM WHO WAS ABSENT TO DEAL WITH
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YEMEN AIRWAYS PROBLEMS, MET WITH USG REPS FROM STATE,
DOT AND CAB JULY 5 TO OUTLINE ARAB INTEREST TO SERVE
US ON CONSORTIUM BASIS. ALI GHANDOUR CHARACTERIZED
MEETING AS ATTEMPT TO DETERMINE USG'S MOOD TOWARD EX-
PANSION OF US-MIDDLE EAST SERVICE BY ARAB AIRLINES. US
CHAIRMAN MICHAEL STYLES (EB/OA) INDICATED USG WAS
FAVORABLY DISPOSED SUBJECT TO CONCLUSION SATISFACTORY

BILATERAL ARRANGEMENTS WITH GOVERNMENTS OF COUNTRIES WHOSE AIRLINES WISHED JOIN CONSORTIUM.

2. ALI GHANDOUR, CHAIRMAN OF AACO DEL, EXPLAINED THAT SIX ARAB AIRLINES: ALIA, SYRIAN ARAB, MIDDLE EAST, SAUDIA, GULF AIR AND KUWAIT AIR, HAD EXPRESSED INTEREST IN SOME FORM OF JOINT OPERATION TO THE US. GHANDOUR SAID THAT THE JORDANIAN/SYRIAN JOINT VENTURE AFTER NEARLY ONE YEAR OF OPERATION, HAD PROVED SUCCESSFUL AND EXCEEDED THE ORIGINAL ESTIMATED TRAFFIC FIGURES BY OVER 30 PERCENT. THE SIX AIRLINES WERE INTERESTED IN EXPANDING THE EXISTING JOINT VENTURE RATHER THAN FORMING A NEW ARAB AIRLINE

PATTERNED ON THE SCANDANAVIAN MODEL. HOWEVER, GHANDOUR DID NOT RULE OUT AN SAS TYPE OPERATION IF THAT WAS THE USG'S STRONG PREFERENCE.

3. STYLES INDICATED THAT THE USG FAVORED A REGIONAL APPROACH FOR ARAB AIRLINE SERVICE TO THE US SINCE IT IMPROVED THE ECONOMY OF THE OPERATION AND OFFERED MORE SCOPE TO TRADE RECIPROCAL RIGHTS WITH THE MEMBER COUNTRIES. HOWEVER, IT WAS NOT FOR THE US TO SAY WHAT TYPE OF COOPERATIVE ARRANGEMENT BEST SERVED THE NEEDS OF ARAB AIRLINES. WHATEVER ARRANGEMENTS MIGHT BE MADE, IT WOULD BE NECESSARY TO CONCLUDE BILATERAL AGREEMENTS WITH EACH COUNTRY WHOSE AIRLINE JOINED THE COOPERATIVE LIMITED OFFICIAL USE

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ARRANGEMENT, JUST AS WE HAD DONE WITH JORDAN AND SYRIA. QUESTIONS OF US ROUTE RIGHTS, CHARTER AIR SERVICES, AIR FARES, ETC. WOULD HAVE TO BE DEALT WITH IN SUCH AGREEMENTS.

4. COMPLEX QUESTIONS OF HOW NEGOTIATIONS WOULD BE CONDUCTED WITH GOVERNMENTS OF SIX CONSORTIUM MEMBERS WERE RAISED BY THE AACO DEL AND DISCUSSED BRIEFLY WITHOUT RESOLUTION. IT WAS FINALLY DECIDED THAT WHEN THE ARABS HAD A CONSORTIUM PROPOSAL THEY COULD APPROACH THE USG INDIVIDUALLY THROUGH DIPLOMATIC CHANNELS AND THAT USG WOULD EVALUATE THE PROPOSAL AND THEN ADDRESS QUESTION OF HOW TO DEAL WITH THE MECHANICS OF NEGOTIATIONS.

5. ALI GHANDOUR FINALLY RAISED POINT OF EXTENSION AND EXPANSION OF ALIA/SAA SERVICE WHICH EXPIRES DEC 31. GHANDOUR NOTED THAT TWO FLIGHTS PER WEEK WERE INADEQUATE AND ASKED USG TENTATIVE REACTION TO EXPANDING TO THREE OR MORE FLIGHTS. STYLES SAID THERE WOULD BE NO DIFFICULTY WITH EXTENSION OF EXISTING AGREEMENTS WITH SYRIA AND JORDAN AND THAT USG WAS PREPARED TO CONSIDER A

PROPOSAL TO EXPAND THE NUMBER OF FLIGHTS. WE SUGGESTED REQUEST BE ACCOMPANIED BY DATA SHOWING THAT ADDITIONAL CAPACITY WAS NECESSARY.

6. COMMENT: WE DO NOT ASSUME FROM GHANDOUR'S STATEMENT THAT 6 AIRLINES, INCLUDING SAUDIA, HAD EXPRESSED INTEREST IN CONSORTIUM THAT THESE AIRLINES HAVE REACHED DECISION TO FORM A CONSORTIUM. PRIVATELY, MEMBERS OF AACO DELEGATION ACKNOWLEDGED SAUDIA SEEMED DETERMINED TO GO IT ALONE. WE EXPECT WHAT WILL HAPPEN IS THAT JORDAN

AND SYRIA WILL IN NEAR FUTURE SEEK EXTENSION OF THEIR AGREEMENTS WITH US (WHICH EXPIRE AT END OF YEAR) AND

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EXPANSION TO THREE WEEKLY FREQUENCIES. IN MEANTIME, EXPANSION OF JOINT AIR SERVICES APPROACH WILL BE PURSUED BY AACO. IF THERE ARE ANY TAKERS, USG MAY BE APPROACHED LATER IN YEAR FOR BILATERAL AGREEMENTS. GHANDOUR HIMSELF CLEARLY REGARDS HIS US VISIT AS ENCOURAGING TO HIS (OR IS IT AACO'S) ASPIRATIONS. VANCE

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Message Attributes

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